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**FISCAL IMPACT STATEMENT**

**LS 6657**

**BILL NUMBER:** SB 156

**NOTE PREPARED:** Dec 11, 2002

**BILL AMENDED:**

**SUBJECT:** Insurance Reimbursement for Surgical Services.

**FIRST AUTHOR:** Sen. Lawson C

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ GENERAL  
☒ DEDICATED  
☒ FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides for reimbursement for surgical services provided at an ambulatory outpatient surgical center on an equal basis to reimbursement for the services provided in another setting.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** This bill adds ambulatory outpatient surgical centers to the “any willing provider” list. “Any willing provider” provisions require that any provider agreeing to meet the terms and conditions of a participating provider contract must be allowed to enter into a contract with the health plan.

This provision could tend to increase health plan costs by making it more difficult to influence medical practice patterns and by reducing the plan’s effectiveness in negotiating price discounts with medical providers. The reimbursement rates for services at a center are similar to those paid to hospitals. Even though the cost per provider (in-network vs. out-of-network) may be identical, the erosion of the ability of a PPO to control volume to its network providers reduces the ability of the PPO to control price. The effect that this will have on rates and associated health care costs is unknown.

*Background:* There are approximately 50 centers in the state, and almost half are owned by hospitals.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** See *Explanation of State Expenditures*. Increased premiums and

enrollment fees may or may not result in additional costs to local governments and school corporations depending on administrative action.

It is unknown if local units would absorb any additional costs resulting from this bill or pass the costs on to employees in the form of higher deductibles, higher premiums, or by limiting other conditions covered. Cost sharing of health benefit premiums varies widely by locality.

**Explanation of Local Revenues:**

**State Agencies Affected:** Potentially all.

**Local Agencies Affected:** Potentially all.

**Information Sources:** Bill Keown, KWK Management Group, 317-684-6930, *Kentucky Ass'n. Of Health Plans, Inc. v. Miller*, NCSL website 9/12/02.

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